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C O N F I D E N T I A L LAGOS 000332

SIPDIS

E.O. 12958: DECL: 02/13/2013

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SUBJECT: NIGERIA: PETROLEUM INDUSTRY REGULATORY BODY

EMPLOYEES PLAN STRIKE ON FEBRUARY 14

1.(U) After issuing a 14-day ultimatum on February 1, 2003 to the GON, Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) announced plans for a nationwide strike beginning February 14 by its members within the Department of Petroleum Resources (DPR), Nigeria's oil and gas industry regulatory body. According to PENGASSAN, the strike was called in response to the GON's refusal to allow the DPR to operate as an autonomous agency. The strike by the PENGASSAN DPR employees is scheduled to begin off-shore and may take on a wider dimension if demands are not met within the first few days.

2.(U) DPR is responsible for reviewing oil licenses, measuring volume and maintaining quality control, and authorizing crude oil exports. Since 1991, DPR employees have rejected efforts by the GON to integrate the department into the federal government because DPR salaries are higher and benefits are better than those of federal workers. Four years ago, the National Assembly approved a bill to ensure DPR's autonomy; however, the Obasanjo administration has not approved the bill.

3.(U) Econoff spoke with Mac A. Ofurhie, Director, Petroleum Resources at DPR on February 13 who stated that the parties "are trying to sort everything out in dialogue" to avert a strike. Despite the role of DPR in authorizing crude oil exports, Ofurhie said there will be no problem with product movement and that "we do not have to worry."

4.(C) LabOff contacted U.S. oil company managing directors to discuss the reports of a pending strike. They were unaware of it. One executive opined that a strike would have no short-term effect on production since most storage tanks are currently empty; the companies can continue to extract oil for at least ten days before reaching storage capacity. He added that as companies move closer to storage capacity, the GON will likely intervene to authorize crude oil exports by Nigeria. He warned the USG to be cautious in its discussions with PENGASSAN and the DPR because they may use U.S. concerns as leverage to intensify their industrial action. Our source added that although it is unlikely that the PENGASSAN representatives working within the oil companies will join the strike, they plan to meet this Friday to assess the level of their interests that might be involved in the DPR dispute.

5.(C) Comment. Officials of the National Union of Petroleum and Natural Gas Employees (NUPENG) have told us that it has no plans to get involved in the proposed strike. While PENGASSAN endorses the idea of a strike, except for the small group of DPR employees, the other members of PENGASSAN have no plans to strike. Although the oil companies we contacted believe the dispute will not affect production in the short-term, a "worse case scenario" involving a prolonged work stoppage could slow the movement of Nigeria's crude oil exports. End comment.

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